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CENTRAL INTELLIGENCE BULLETIN



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III. THE WEST


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AD Greece: The government is concerned over the favorable public attitude in Greece shown toward the Soviet proposal of 25 June that a conference should be held to consider the creation of an atom-free zone in the Balkans and the Adriatic area. Foreign Minister Averoff says the government will therefore avoid a direct and immediate answer to the note, and hopes the West meanwhile will agree on a unified, forceful reply. The American Embassy comments that the public attitude toward Moscow's proposal, together with an undercurrent of uneasiness over establishment of advanced weapons bases in Greece, probably accounts for reports that Prime Minister Karamanlis is still undecided on the base question. 

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Bolivia: Anti-government violence which broke out on 26 June in the eastern provincial city of Santa Cruz, stronghold of right-wing and regional opposition elements, has been contained by 

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DAILY BRIEF

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sizable troop reinforcements rushed to the area. [In the immediate future, however, the shaky Siles government faces a more serious danger from the powerful miners' federation, which has threatened a general strike if the government unfreezes prices in the mine commissaries on 15 July as required by the US-backed economic stabilization program. There is some reason to believe that President Siles provoked the Santa Cruz outbreak in order to unify the government party, which is seriously divided over the mine commissary issue.] [redacted]
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DAILY BRIEF

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Threats to the Siles Government in Bolivia

The anti-government violence which broke out on 26 June in the eastern provincial city of Santa Cruz--a stronghold of right-wing and regional opposition elements--was apparently precipitated by the Siles government's appointment on 22 June of a new mayor and prefect to replace incumbents allegedly subservient to the local opposition committee. The government rushed sizable reinforcements to the area and by midday on 27 June had regained control of the city with a force which included 2,000 from the peasant and miners militias.

The government's strong reaction was probably due in part to the past record of the principal rightist group involved, which has repeatedly plotted coups against the government--most recently in mid-April. According to a report received by the US Embassy in La Paz not long before the outbreak, the Santa Cruz opposition committee also had substantial arms and regional sentiment gave it considerable popular support.

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(President Siles' moves in the Santa Cruz affair may also be intended to unify the hostile factions of the government party behind him for a more serious crisis facing his shaky government in the immediate future. The powerful Bolivian Miners Federation, headed by the leftist Juan Lechin, has reportedly threatened to call a general mine strike if Siles completes the unfreezing of mine commissary prices on 15 July. This government move, which is designed to meet a commitment to the International Monetary Fund under the US-backed stabilization program, caused great political tension when it was partially implemented last March. Unions affiliated with the Miners Federation, including those which have backed Siles in previous clashes with Lechin over the stabilization program, have been reported as unanimous in support of a July strike.)

[REDACTED]

Bolivia's economy, which deteriorated sharply in 1958 and has poor prospects for any improvement in 1959, is largely dependent on mineral production and exports. A fully effective mine strike would endanger both the stability of the Siles government and the continuance of the stabilization program.

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